



## MEMORANDUM

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Date: September 14, 2023

To: Community Redevelopment Agency

Via: Albert P. Childress  
City Manager

From: Gary Moreira  
Senior Property Manager

Subject: **Second Amendment to Waterfront Brewery LLC Lease – 201 William Street**

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### **Introduction**

This is a request to approve the second amendment to the lease agreement between the CRA and Waterfront Brewery, LLC, for the purposes of incorporating Unit E into the demised premises of the brewery.

### **Background**

The Landlord and Tenant entered into a Lease Agreement for the premises on the 8<sup>th</sup> day of January 2013, Resolution 13-012, and the First Amendment to Lease Agreement dated June 6, 2013, Resolution 13-156, pertaining to the premises located at 201 William Street in the Historic Seaport. In a second lease, Lessee also occupied space E at 201 William under an assignment dated the 21<sup>st</sup> day of May 2013, Resolution 13-143, and adjacent to the brewery premises as shown on Exhibit A attached.

The Second Amendment presented here was proposed and approved by the Key West Bight Management District Board at their meeting of June 13, 2018. As procedure dictates, following approval of the amendment by the Bight Board, the amendment was carried forward in Legistar seeking approval by the CRA (Item 18-2444). All but one reviewer in the routing process approved the amendment. In researching why the amendment was disapproved, we were unable to definitively find a reason, but believe it was regarding an issue with the roof over the premises. In 2015, there were communications between city personnel and Lessee suggesting Lessee halt its tenant build-out, asserting construction of the rooftop deck caused leaks in the roof membrane. In a memo from city personnel dated 8/19/15 it stated that regardless of whether true or not, Lessee is responsible under the lease for any roof damage/repairs until lease expiration in 2033 (Actual expiration is in 2034). He recommended the City not order Lessee to stop work.

## **Procurement**

Demised Premises:	Amended to 19,329 square feet.
Use:	Unchanged per lease.
Term:	Unchanged per lease, 7/31/2034.
Rent:	\$46,372.26 (\$28.92 per s.f./year) Plus percentage rent.
Increase:	Unchanged. CPI increases in base rent annually.
Additional Rent:	Unchanged. Lessee shall pay its pro-rata share of CAM, Taxes, and insurance.
Utilities:	Unchanged. Lessee shall pay for all utility usage.

## **Recommendation**

The Waterfront Brewery is a successful and important anchor in the Historic Seaport tenant mix. While the City and Mr. Walsh have had a history of disagreements, the expansion space was always part of the development plan and is already an integral part of the demised premises. Staff recommends execution of the Second Amendment to Lease as revised, reflecting Lessee's present rent as adjusted since 2018 and with current CRA members.

### Exhibits:

Second Amendment to Lease (Current Revisions)

Exhibit A

Waterfront Brewery Lease

Key West Ice Cream Factory Lease including Exhibit A

Assignment of Ice Cream Factory Lease to Mr. Walsh

Second Amendment to Lease (Initial draft approved by KW Bight Board)